

REPORT

Of the Committee on the Currency, on the expediency of increasing the relative value of the gold hereafter to be coined at the mint of the United States.

FEBRUARY 2, 1821.

Read, and committed to a committee of the whole House.

The Committee, who were directed to inquire into the expediency of increasing the relative value of gold, hereafter to be coined at the mint, have attended to that subject, and beg leave respectfully to

REPORT:

That they are of opinion the value of American gold, compared with silver, ought to be somewhat higher than by law at present established. On inquiry, they find that gold coins, both foreign and of the United States, have, in a great measure, disappeared; and, from the best calculation that can be made, there is reason to apprehend they will be wholly banished from circulation, and it ought not to be a matter of surprise, under our present regulations, that this should be the case.

There remains no longer any doubt that the gold coins of the United States are, by our laws, rated at a value lower than in almost any other country, in comparison with that of silver; this occasions the gold to be constantly selected, when it can be obtained, in preference to silver, whenever required for remittance from this to foreign countries; and, at the same time, prevents those who have occasion to remit to the United States from doing it in gold. Hence, there is a continual and steady drain of that metal from this country, without any correspondent return, which must continue while there remains any of it among us. The importations of it will be confined to small quantities, and from countries from which nothing better can be obtained.

There have been coined, at the mint of the United States, nearly six millions of dollars in gold. It is doubtful whether any considerable portion of it can, at this time, be found within the United States. It is ascertained, in one of our principal commercial cities, quite in

the vicinity of the mint, that the gold coin, in an office of discount and deposite of the Bank of the United States, there located, in November, 1819, amounted to \$165,000, and the silver coin to \$118,000. That, since that time, the silver coin has increased to \$700,000, while the gold coin has diminished to the sum of \$1,200, one hundred only of which is American. And it is stated, that the vaults of the state banks, in the same city, having a capital, in the aggregate, as is believed, of nearly eight millions, exhibit a similar result. It is scarcely to be doubted, that, on examination in the other commercial cities, similar additional proof would be furnished.

It now becomes a question of serious import, to be decided by this nation, whether a gold currency be at all desirable, or whether it should wholly give place to silver. By some a silver currency is deemed the most eligible; they contend, that our circulating metallic currency should be ponderous, and inconvenient of transmission, that it would, in such case, remain in the country and stationary.

On the other hand, it is believed, by your committee, that a more portable currency may be, on many accounts, and, in many instances, must be, much more convenient, and in some cases absolutely necessary. It cannot be denied, that the lighter and smaller the currency, in proportion to its value, the greater will be the accommodation in the negotiations between the great extremes of the union. In proportion to this facility the price of exchange will be lessened; commercial transactions would, thus, be carried on at an enhanced profit to all concerned. Moreover, in time of war, it will never fail to become requisite to make use of specie in payments and remittances; and these will be demanded, almost exclusively, at the extreme borders and frontiers of the union. In such case gold furnishes a medium, which will not only be light and convenient, but which can be transmitted with secrecy, thereby avoiding the risks incident to war and commotion. Those who carry their recollections back to the incidents of the late war cannot fail of being forcibly impressed with this idea.

Our empire is widely extended and becoming more so; and, at the same time, sparsely settled. The transmission of large sums, especially in time of war, if in ponderous silver, must be extremely inconvenient, and often times attended with great danger. It would seem, therefore, that, as currency, the gold coin has, in this country, manifest advantages over that of silver.

But, there is another particular not unworthy of consideration. We have before stated, that the gold coins are worth, in foreign countries, more, in comparison with silver, than in our own. The average of this increased value is believed to exceed six-tenths of a dollar in every fifteen dollars. In Spain and Portugal three half eagles are worth sixteen dollars; in Cuba, seventeen; in the West Indies, generally, sixteen; in England, fifteen and one fifth; in Holland, fifteen; and, in France, fifteen and a half. These calculations may not be precisely, as stated, but are believed to be nearly accurate.

In the United States, before the establishment of the present government, it has heretofore been ascertained by a committee of Con-

gress, that, by custom, the value of gold had been considered as equivalent to about fifteen and six tenths of its weight in silver. This, without doubt, arose from finding this to be the average of the different values affixed to the gold in different foreign countries.

Why it was thought proper, on establishing the mint of the United States, to reduce this value to fifteen for one, it is not now material to inquire. It is sufficient to know, from unhappy experience, that its tendency is to rid us of a gold currency, and leave us nothing but silver.

The merchants, if they have occasion to import specie, and cannot obtain silver, are compelled to import gold, at a loss of from two to ten per cent. If they have a remittance to make, they will, if possible, exchange silver for gold, as, thereby, they will gain from two to ten per cent. according to the value of gold in the country to which the remittance is to be made.

An occurrence, strikingly illustrative upon this point, is stated in an elaborate report of a former committee, on the subject of the currency, to which your committee would beg leave to refer, as affording much useful information on this subject generally. The Bank of the United States entered into a contract with Messrs. Baring & Co. of London, for the supply of two millions of dollars in specie, in equal parts, as near as might be practicable, of gold and silver, at the American standard. The amount was accordingly furnished: but not a dollar of it in gold; although gold is the currency of Great Britain, and silver is admissible there, as a tender, in but very small sums.

It will, of course, be objected, that, if we should now render gold four per cent better, we shall, thereby, put into the hands of its present holders, a clear nett gain to that amount, provided they hold it with an intent to use it in this country. But it is not perceived how this will injure the public or individuals. And it will not be regretted by the benevolent, that individuals should be benefitted, if no one be injured. If, however, individual wealth be a public blessing, all will be benefitted. At any rate, this is an incident utterly unavoidable, to a certain extent, in this case. It must be submitted to; as, otherwise, a positive national evil, of great magnitude, as your committee deem it, must be encountered.

It will, moreover, be objected, that speculators will take advantage of the unwary, and, ere they will have been apprized of the increased value of their gold, will have purchased it of them at the former rate. This, however, your committee believe, will, in a great measure, be counteracted by a provision in the bill, accompanying this report, that the coin, at its increased value, shall not be a legal tender, until the 1st of July next. In this way, those who would buy it with a view to speculation would sustain a loss of interest amounting to nearly or quite as much as would otherwise be gained by the purchase.

If it be expedient to adopt the measure in contemplation, the present is the moment when it can and ought to be done. The longer we continue under the present regulation the worse will be our condition and the greater the injury we shall have sustained.

Your committee, therefore, in conformity to the foregoing sentiments, ask leave to report a bill.

